



Senator Luke Kenley

200 W. Washington St.
Indianapolis, IN 46204

News from the Indiana State Senate

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Sen. Luke Kenley
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Commission Studies Methods To Replace Property Tax

As co-chairman of the Property Tax Replacement Study commission, I know the property tax situation in Indiana is a frustration shared by many. The newly-formed committee, consisting of legislators, farmers, businessmen, and homeowners, develops methods to reduce local government's reliance on property taxes.

By court order, all Indiana property subject to property tax is being reassessed to more accurately reflect market value. The reassessment process is complete in almost every county in Indiana, and agencies and organizations are collecting data that will aid the committee and the legislature in figuring ways to replace over \$5.5 billion in property taxes collected each year and to provide oversight of over 9,000 levies and 172 different types of funds for local government programs and services.

The committee is tasked with studying our property tax system and looking for alternatives. The commission must study the effects of eliminating 50 percent, 75 percent, and 100 percent of net property tax levies.

One major hurdle for the commission is to identify revenue sources capable of replacing property taxes and providing sufficient revenue to maintain essential government services. The commission will submit status reports to the Legislative Council, which is the administrative body of the General Assembly, in September.

The commission broke down into small groups that will work on five major issues during the year: 1) Property Tax Administration Issues; 2) Cost of Local Government Services; 3) Long Term Debt Issues (22% of property taxes are paid on debt); 4) Comparing Other State Tax Systems; and 5) Stronger Controls on Property Tax Levies.

The committee's goal is to lessen local governments' dependence on property taxes and create a more equitable and fair method of funding local government. As the commission continues its work this year, I'll keep you informed of the progress or you can contact my office for further information.

Kenley Serves on 5 Panels During Interim

I am currently serving as co-chair on the **Property Tax Replacement Commission**. The commission is tasked with studying our property tax system and must study the effects of eliminating 50 percent, 75 percent and 100 percent of net property tax levies.

I will also serve on the following panels:

**Indiana Task Force
On College Affordability:**

The task force is charged with making policy recommendations on how Indiana can ensure college remains affordable for all Hoosiers.

Medicaid Advisory Committee:

The committee is an advisory committee to children's health programs for the Office of Medicaid Planning and Policy in the admin-

istration of the Medicaid program and the Children's Health Policy Board.

Code Revision Commission:

The commission is an advisory board to the Legislative Council and assists in administrative rule-making procedures used by Indiana's statutory corporate and political bodies and in developing standards for the codification and revision of statutes.

**Administrative Rules
Oversight Commission:**

The Commission deals with citizen complaints concerning agency rules or practices, violations of the time frames within which agencies must circulate and adopt rules and proposes agency rules that may have an economic fiscal impact of \$500,000 or more.

The Indiana Senate Page Program

Over 200 years ago, our founding fathers collaborated to create a representative democracy. An intricate system of checks and balances emerged, giving citizens a means to govern free from tyranny. Every year, students study this historical phenomenon in the classroom; however, no book can tell the whole story.

The General Assembly recognizes the importance of exposing young people to the democratic process. As a result, legislators offer students an important opportunity at the Statehouse.

Any student from 6th grade to 12th grade can sign up to serve as a page for a day. The Senate Page Office will try to accommodate requests for specific dates, and students

will be excused from school for the day.

Pages spend a day in the Senate assisting their local legislators. Responsibilities include responding to senators' requests, delivering messages and running errands. The day includes a tour of the Statehouse and observation of a session, if one is in progress.

Those interested in serving as a page should send their name, age, address, phone number and school affiliation to my attention at 200 W. Washington Street, Indianapolis, IN, 46204.

The Page Office will begin accepting requests in November. The 2005 session begins in early January and extends until late April

Kenley's 2004 Voting Record

Voting on legislation is one of the largest responsibilities of being a member of the Senate. I am proud to report to the citizens of my district that I achieved a 97.9 percent voting record during the 2004 legislative session. I was present for 334 of 340 roll-call votes recorded during the nine-week long session. The votes I missed were due to meetings on other legislation in the statehouse. I achieved

a 100 daily attendance rate during session.

The 2004 legislative session ended March 4. During the session, 503 Senate bills and 459 House Bills were filed. Ten percent of those bills were sent to and signed by the governor.

Consumer Information

Unclaimed Property

The Attorney General reports thousands of unclaimed property listings all across the state of Indiana. Some possible sources of unclaimed property are: credit balances, old savings and checking accounts, unpaid wages, mutual fund shares, insurance proceeds, uncashed traveler's checks, and utility deposits.

You can contact the Indiana Attorney General's office to see if you or a relative has a claim. Visit www.indianaunclaimed.com or call, toll-free, **1-866-IN-CLAIM** (1-866-462-5246).

Unwanted Faxes

Contact the Federal Communications Commission to report any unsolicited faxes. You can file a formal complaint at www.fcc.gov/cgb/complaints.html or call, toll-free, **1-888-225-5322**.

Direct Mail Lists

Tired of receiving advertising through the mail? Remove your name from direct mail lists by visiting www.dmaconsumers.org or write to: Mail Preference Service
Attn: Dept 12851374
Direct Marketing Association
PO Box 282
Carmel, NY 10512

National No-Call List

Indiana led the way with the creation of a no-call registry. Federal legislators followed suit by creating a national do not call list. Consumers now can list both home and mobile phone numbers in order to prevent unsolicited telemarketing calls. To register your phone number on the national list, visit www.donotcall.gov. Additions to the list are updated every three months.



F.A.Q.



Frequently Asked Questions About Indiana State Government

Q: Why is the Indiana General Assembly called a "citizen legislature?"

A: Indiana lawmakers spend only a few months each year at the Capitol. The rest of the year, each legislator lives and works in the district he or she represents. Our part-time legislature offers substantial savings to Indiana taxpayers. The National Conference of State Legislatures ranks Indiana 45 among the 50 states with regard to the expenditures of the legislature per capita.

Q: Where is the money generated from gaming profits, such as the Hoosier Lottery, river boats, pari-mutuel, etc., going?

A: Of the \$670 million of the state's share of gaming profits in 2003, \$294 million was dedicated to the Property Tax Replacement Fund to help subsidize homeowners' local property tax bills through payment of homestead credits. The second-largest share, \$236 million, cuts the "license plate tax," the excise tax Indiana motorists pay annually when renewing their vehicle license plates, by up to 50 percent yearly. Since the inception of the Hoosier Lottery in 1989, \$432.6 million has gone toward teachers' pensions and \$244.7 million has gone toward retirement benefits for police and firefighters.

Q: How does the General Assembly function when it is not in session?

A: The Legislative Council is composed of 16 legislators, including the speaker of the House, Senate president pro tempore, and floor leaders of the majority and minority parties. It is designed to provide an interim coordination structure for the General Assembly. Created in 1967 by combining and expanding existing legislative service agencies, the Council assists the General Assembly through its selection of interim study committees, research, fiscal analysis, and bill drafting staff.

Q: How does a senator author a bill?

A: A senator takes an idea for a bill to the non-partisan Legislative Services Agency. The staff provide necessary legal, fiscal, and research capabilities for the General Assembly. Drafting legislation, including major revisions of the Indiana Code, compiling and publishing the rules and regulations of state agencies, assisting study committees during the interim and standing committees during session, and furnishing figures on the estimated cost of existing or proposed state services are among the tasks performed by the LSA staff.



State Faces Tough Budget Decisions in 2005

Indiana Personal Income Lags the Nation

On July 12, the state closed the books for Fiscal Year 2004. According to official figures released by the State Budget Agency, the state is expected to have a "surplus" or "reserve" of just \$300 million on June 30, 2005 - the close of the current budget cycle. As shown on **Figure 1**, this means the state's reserve will have declined by nearly \$2 billion since 1998.

The problem is that state spending has been exceeding state revenues for the past several years. State revenue collections actually decreased in both Fiscal Years 2001 and 2002 before showing a 0.5 percent increase in 2003. Revenue collections

increased by about 2.7 percent for Fiscal Year 2004, the year that just ended.

The state has been using the surplus and employing spending delays and other temporary accounting measures to avoid cutting specific budgets. Such tactics make it possible for the state to spend nearly \$800 million more than it will collect this year. These accounting measures have helped the state avoid big spending cuts in our schools, but they are only one-time temporary fixes and cannot be sustained. So, while it may seem like Indiana's economy is improving, the state's financial condition actually remains very weak.

Figure 1

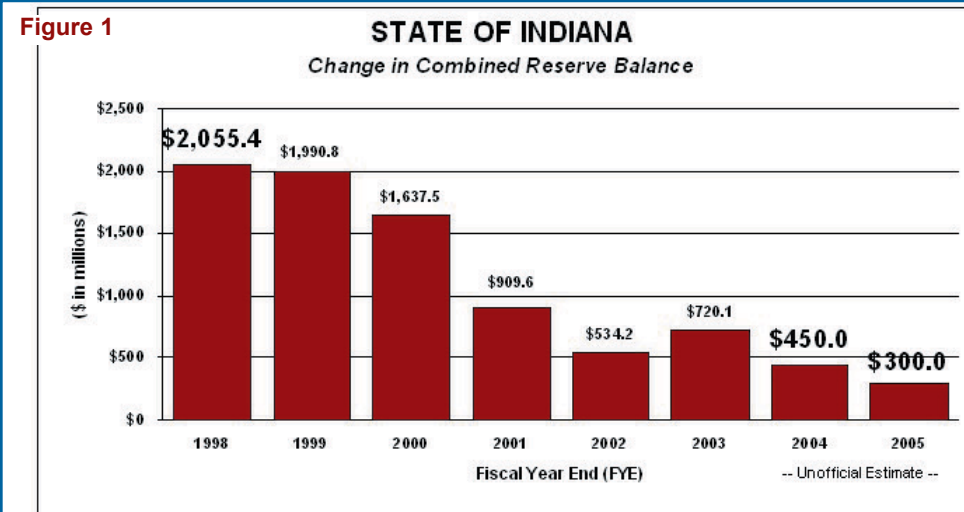
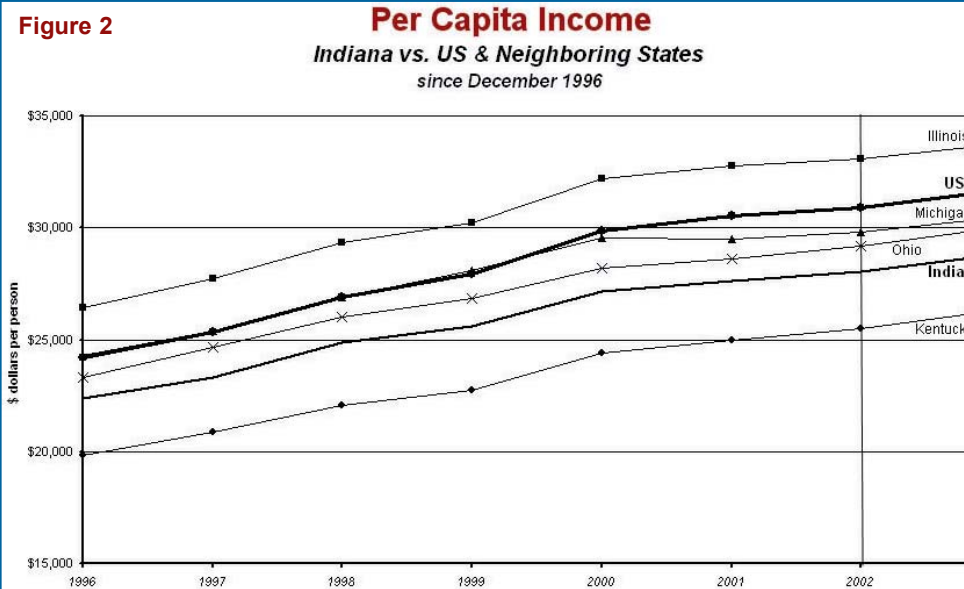


Figure 2



SNAPSHOT: Senator Kenley reviews a bill during a Senate committee. The next legislative session will convene in early January 2005.

A \$300 million reserve may sound like a lot of money. But with an annual \$11.2 billion General Fund Budget, including big items such as \$4.3 billion for K-12 education, \$2.1 billion for local property tax relief, \$1.4 billion for universities and \$1.2 billion for Medicaid, \$300 million really is not a sufficient reserve. Even more worrisome is the continued reliance on drawing down surplus accounts to fund the budget.

We have a dual problem. State spending is not being restrained but part of the problem is job loss due to the recession. Indiana lags the nation in personal income growth. As reflected in **Figure 2**, the problem has steadily grown since 1996. Today, the average Hoosier worker earns only about 91 cents for every \$1.00 earned by the average worker nationwide. Just as Hoosier workers earn less, state tax revenues lag as well. If Indiana workers earned the same as the national average, the subsequent gain in tax revenues would erase the state's structural deficit. Indiana needs to improve its economy relative to the nation or Indiana's budget - and the ability to adequately fund priorities like education and health care - will remain a problem. It also needs better stewardship in controlling state spending.

Beginning in January, the General Assembly will start work on the state budget for the next biennium. Much of the discussion should focus on spending controls. But, it is equally important to continue to try to find ways to diversify the economy and stimulate business investment as the real long term solution to the state's budget dilemma.